



Q2 INTERIM REPORT

1 APRIL – 30 JUNE 2021

Realfiction Holding AB (publ) | 559110-4616

Q2 INTERIM REPORT

Q2, 2021 (01-04-2021 – 30-06-2021)

- Revenue: TSEK 1,701 (Q2, 2020: TSEK 1,854)
- Gross profit: TSEK 832 (Q2, 2020: TSEK 1,067)
- Gross profit margin: 48.9% (Q2, 2020: 57.6%)
- Result after financial items: TSEK -3,168 (Q2, 2020: TSEK -2,592)
- Earnings per share: SEK -0.11 (Q2, 2020: -0.14)
- Cash flow from operating activities: TSEK 1,455 (Q2, 2020: TSEK -259)

H1, 2021 (01-01-2021 – 30-06-2021)

- Revenue: TSEK 3,392 (H1, 2020: TSEK 5,393)
- Gross profit: TSEK 1,708 (H1, 2020: TSEK 2,973)
- Gross profit margin: 50.4% (H1, 2020: 55.1%)
- Result after financial items: TSEK -4,788 (H1, 2020: TSEK -5,507)
- Earnings per share: SEK -0.17 (H1, 2020: -0.33)
- Cash flow from operating activities: TSEK -1,370 (H1, 2020: TSEK -1,631)



Picture on front page and above: Visualization of an ECHO television being used for explaining and teaching the wonders of nature.

SIGNIFICANT EVENTS DURING Q2 2021

- No significant events have been reported during the period.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- No significant events have been reported after the end of the period.

CEO COMMENTS

FURTHER HARDWARE AND SOFTWARE PROGRESS IN OUR ECHO DEVELOPMENT

During the second quarter, we continued to progress according to plan with the integration license package for our ECHO holographic display technology together with our domestic and international development partners. With many leading scientists from different fields now having expressed their enthusiasm and confidence in the crucial ability to create extremely small, fast, and bright pixels in a scalable commercial solution based on the ECHO technology, there is a strong sense throughout the team that we are on the right track, and we are moving full steam ahead.

To accomplish this, we are now expanding our ECHO development team in geographic areas with strong commercial display expertise. As we already have international development partners involved, adding a more international touch to the core Realfiction team feels like a natural progression in our efforts to involve leading experts for each part of the project.

In parallel with the technical development, we are also making sure that there will be a wealth of exciting ECHO content ready to be explored when the first products become available on the market. An important step in this direction is our invention of a software solution for converting 3D films into holographic films. We call this solution “HoloWize”, and we filed a patent application for it in April 2021 followed by a positive pre-validation search report by the patent examiner. In the long run, HoloWize has the potential to become an industry standard that movie studios can use, just like how they convert their films for various streaming services and DVD/Blu-ray releases.

During the summer, we have initiated dialogues and held meetings with display industry suppliers and consumer electronics companies, with positive and constructive feedback so far. We have also been in touch with large display manufacturers to schedule meetings. We are using a strategic approach when involving large industry players, with the aim to gradually ramp up our activity with commercial meetings in the coming quarters. The goal is to create awareness, excitement and finally involvement from key players to arrive at the best possible outcome for our shareholders.

“We are using a strategic approach when involving large industry players, with the aim to gradually ramp up our activity with commercial meetings in the coming quarters.”

MAGIC-AS-A-SERVICE (MAAS) FOR RETAIL

With COVID-19 restrictions being further reduced during the spring and summer, we hope to see further

improvements for the market conditions related to our MaaS for Retail segment in the coming quarters. It is however important to understand that there is still a lot of pandemic-related uncertainty in the market that reduces the willingness to invest in new retail marketing solutions. In September, we will meet with our German partner EDEKA to discuss a potential future rollout in their stores. We remain optimistic for the future of this segment, as our leaner go-to-market approach makes it easier to scale things up again when the timing is right.

MAAS FOR EXHIBITIONS AND EXPERIENCE (HARDWARE)

These segments continue to develop in a positive direction, with an encouraging number of larger orders and requests for quotes as the industry is preparing to reinstate its use of physical events

in many regions. We are however not yet back to pre-COVID-19 levels.

Recent hardware sales include 3 orders with a combined revenue estimated to reach 4.4 MSEK in 2021, as further detailed on page 9 in this report.

A LEANER STRUCTURE MAKING ITS WAY TO OUR BOTTOM LINE

Following our reduction in number of employees due to a leaner go-to-market approach for our MaaS segments, we have also moved to more suitable offices in an area of central Copenhagen where creativity and development of new innovations has a more central role. This will be the perfect spot for the completion of our groundbreaking ECHO technology. We are also seeing significant improvements in our overall cash-based operating costs due to

these changes in our Q2 2021 and H1 2021 figures. This means that we have successfully repositioned the company to be in sync with our internal goals, as well as the current industry climate in our market segments. I think that this is a great achievement, and the outlook for Realfiction looks bright, especially considering the continued progress within our ECHO development.

I hope that all of our stakeholders have had a chance to relax and recharge during the summer, and also that you share our sense of joy of being able to continue to excel in what we do best: bring innovation, creativity and visionary thinking together into platforms for truly amazing social experiences in the real world.



Clas Dyrholm
CEO, Realfiction Holding AB



REALFICTION'S BUSINESS AND CONCEPT

LEADING MIXED REALITY PRODUCTS AND SERVICES

Realfiction develops, sells and rents out market leading Mixed Reality (MR) products and services based on innovative, as well as patent and design protected, hardware platforms that have been developed over more than a decade. The Company's MR displays are especially well-suited for social environments as they do not require special glasses or other accessories.

Realfiction's MR solutions can create interest for a brand or a specific product in a very visual and engaging way. Based on this attention, concrete value can be delivered, for example in the form of increased sales of a product and/or the conversion of visitors into members of bonus or loyalty programs.

ECHO – A GROUNDBREAKING HOLOGRAPHIC 3D TECHNOLOGY

Realfiction is developing ECHO, a groundbreaking patent pending technology that enables a new generation of 3D experiences through free-floating holograms that do not require glasses or any other type of lenses between the eye and the effect.

FOCUS AREAS IN 2021

ECHO: In January 2021, Realfiction presented positive results from a feasibility study during which a simplified ECHO fabrication approach was pre-validated. The simplified approach aims for easier integration, a slimmer form factor and even lower manufacturing costs for both the LCD and OLED version of the ECHO 3D holographic display. During the rest of 2021, the company will focus on advancing the second step of the completion phase: finalizing the remaining subprojects of the ECHO integration license package no later than the end of Q1, 2022. This will be done in collaboration with leading European research institutes and facilities. The ECHO integration license package is expected to include specification of components, illustrations and diagrams needed for a multi-user ECHO display. Realfiction is seeking a parallel co-development agreement with a commercial display manufacturer for the ECHO backplane. Although the

backplane will also be developed with European research institutes, a cooperation with a large manufacturer could speed up the process of bringing ECHO to commercialization. A first ECHO display product could potentially reach the market in 2023. Throughout the entire completion phase, the company will continue to focus on continuously strengthening and safeguarding its ECHO IP portfolio.

Magic-as-a-Service: Realfiction's go-to market model has been revised through learnings from the initial roll-out in Denmark and Sweden, and the Company has refocused its energy and operational model into a leaner and simpler organisational setup that utilises external collaborating partners and industry agents. The revised Magic-as-a-Service concept was implemented throughout 2020 in a test launch in 25 EDEKA (Germany's largest department store company with over 11,000 stores) stores in Germany. In the first half of 2021, Realfiction will follow the expected reductions of COVID-19-related restrictions due to ongoing vaccination programs, in Germany as well as in other potential markets, closely and discuss future plans for the Magic-as-a-Service concept with relevant stakeholders and partners.

Experience (hardware sales): Realfiction's global partner network continues to deliver in the hardware sales segment. Partner sales remains as a high priority for the Company and an important way to create global visibility.

INNOVATION



Since the beginning of our journey more than a decade ago, our vision has always been about creating experiences that bring people together. At the heart of this vision sits our innovation team, a group of dedicated, like-minded individuals all sharing the belief that our technology should be about enabling magical moments that can be collectively experienced and shared with others. Positioned in the so-called Mixed Reality field, Realfiction is on the verge of taking the next step beyond the current approach of head-mounted wearables, that we believe is just the first, primitive stage.

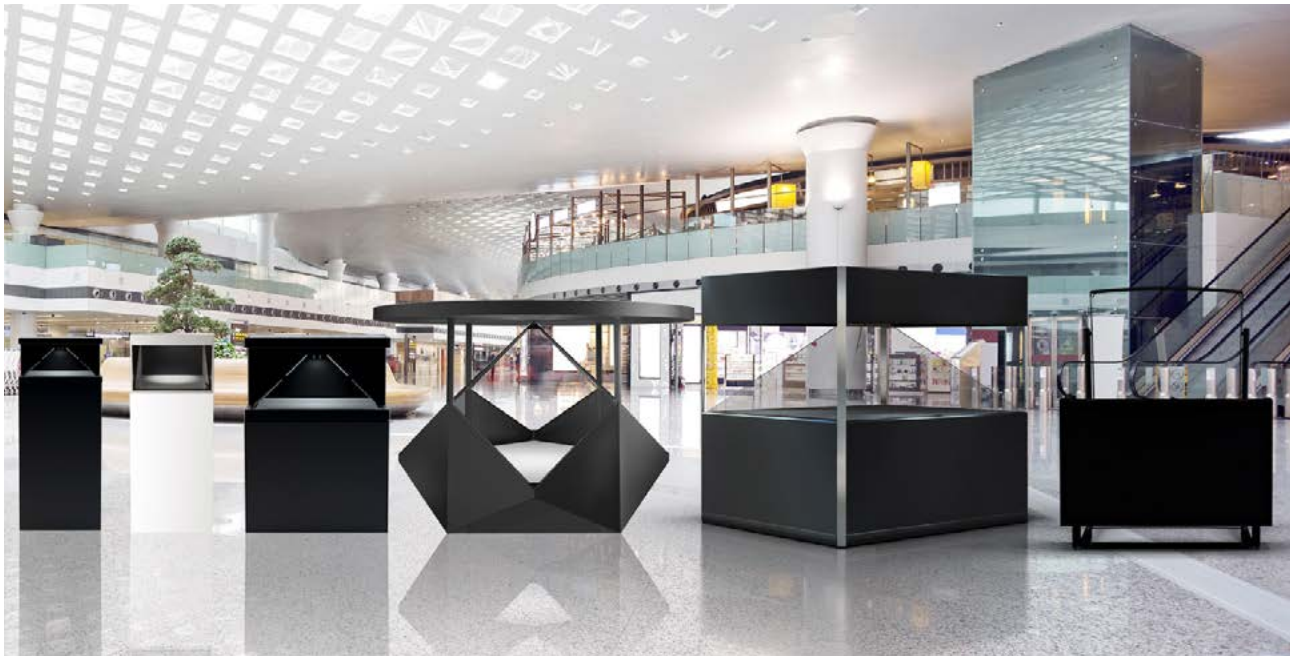
ECHO – TRANSFORMING SCIENCE FICTION INTO REALITY

We have intensified our investment in innovation – and we now believe that we have found the technology that will allow us to invent the holy grail of 3D experiences; free-floating holograms that require no glasses, devices or other lenses between the human eye and the effect, and where 3D objects can be viewed and interacted with from different angles. This display has for many years existed purely as an item of science fiction, deemed improbable to ever surface in our present lifetime. However, with our patent pending directional pixel technology, referred to as

ECHO, Realfiction is finally on the path to materialize this dream and bring it to market. ECHO is currently the main focus of our development department, with potential to provide significant licensing and joint cooperation opportunities in the future.

Picture above: An artists impression of an ECHO television being used for gaming. [Video can be found here.](#)

DISPLAY PORTFOLIO



DREAMOC – WORLD CLASS HOLOGRAPHIC EFFECTS

Dreamoc is a series of MR displays with a diamond shaped glass chamber where pictures and 3D animations appear to be floating together with real products. The content can be seen either from the front or from several directions simultaneously.

Dreamoc HD3 is the smallest and most flexible model for single products that can be experienced from several directions simultaneously. **Dreamoc POP3** can only be experienced from the front and is especially well suited for displays on shelves and for displaying several objects together. **Dreamoc XL3, XL4** and **Dreamoc XXL3** are, as their names suggest, larger models that make it possible to create attention for really large objects, for instance at airports or in shopping malls. **Dreamoc Diamond** is one of Realfiction's biggest Dreamoc displays, and the most elegant. A Dreamoc Diamond creates an extraordinary experience that fits brilliantly into exclusive boutiques.

DEEPFRAME – THE WORLD'S LARGEST MIXED REALITY DISPLAY

DeepFrame is the world's largest MR display and can create unbelievable real time experiences where holographic images and animations are projected over existing surfaces and objects. It was awarded the "CES 2018 Innovation Awards Honoree" title at CES, the world's largest consumer electronics show.

DeepFrame One is a plug and play model in the DeepFrame series that makes it possible to create unforgettable experiences for shopping malls and showrooms, amusement parks, museums, conferences, events and car showrooms. Other possible use cases include visualization in education and research as well as in architecture, manufacturing and construction.

Picture above: Realfiction's display portfolio

FINANCIAL REVIEW

DEVELOPMENT IN Q2 AND H1, 2021

Income Statement

COVID-19 continued to cause a significant decline in sales during Q2. However, due to continued cost savings from the simplified go-to-market model and governmental financial support packages, the impact on the result and liquidity of the Group is not as negative as if we had not implemented such measures.

Group net revenue amounts to TSEK 1,701 for Q2, 2021, representing a decline of 8% from Q2, 2020 (TSEK 1,854), while revenue of TSEK 3,392 for H1, 2021 (TSEK 5,393) represents a decline of 37% compared to H1, 2020. All revenue in Q2 and H1, 2021 consists of product sales from the Dreamoc and DeepFrame category, while sales from our Magic-as-a-Service concept accounted for TSEK 137 and TSEK 893 in Q2 and H1, 2020. Adjusted for currency conversion effects, the Company's revenue in Q2, 2021 declined by 26% to TDKK 1,248 compared to the average quarterly revenue in 2020 of TDKK 1,690.

Cost of goods sold amounts to TSEK 869 and TSEK 1,684 for Q2 and H1, 2021, compared to TSEK 787 and TSEK 2,420 for Q2 and H1, 2020. Thus, our gross profit in Q2, 2021 decreased to TSEK 832 from 1,067 in Q2, 2020 and resulted in a decreased gross profit margin in Q2, 2021 of 48.9% (57.6%) and H1, 2021 of 50.4% (55.1%). The decrease in the gross profit margin in Q1 and H1, 2021 is attributable to the decrease in sales combined with the decline in revenue from Magic-as-a-Service related event rentals due to COVID-19.

In Q2, 2021 the Company has continued to capitalize development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the Q2 and H1, 2021 Income Statement includes income from the capitalization of own work performed of TSEK 1,523 (TSEK 683) and TSEK 2,936 (TSEK 1,886) from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs increased to TSEK 1,711 in Q2, 2021 from 1,227 in Q2, 2020. The increase is primarily

due to a non-cash cost of TSEK 270 related to a warrant program for a consultant and legal fees in connection with the implementation of different incentive programs. Other external costs decreased from H1, 2020 to H1, 2021 from TSEK 3,135 to TSEK 2,675 due to the simplified and low cost go-to-market model for our Magic-as-a-Service concept.

The simplified go-to-market model for our Magic-as-a-Service concept entails that we have further reduced the workforce from Q2, 2020 to Q2, 2021 from 15 to 9 and from H1, 2020 to H1, 2021 from 16 to 9. Thus resulting in significantly lower cash-based personnel costs of TSEK 2,693 in Q2, 2021 (TSEK 3,195) and TSEK 5,347 in H1, 2021 (TSEK 6,855) as the Q2 and H1, 2021 personnel costs in the Income Statement include TSEK 1,062 in non-cash costs related to a warrant program to the CFO.

All in all, we reduced our net operating cost by TSEK 975 in Q2, 2021 to TSEK 2,604 from TSEK 3,579 in Q2, 2020, and by TSEK 3,328 in H1, 2021 to TSEK 5,029 from TSEK 8,357 in H1, 2020 (all figures exclusive of non-cash based costs of TSEK 1,332 relating to warrant programs).

Group net financial costs consist of interest on the loan with Vækstfonden.

The net result for the Group in Q2, 2021 and H1, 2021 amounts to TSEK -1,967 (TSEK -2,167) and TSEK -3,112 (TSEK -4,589).

Orders with deliveries after the period

Recent orders for upcoming events with customers using Dreamoc displays include events in Las Vegas, USA and Husum, Germany, with display rentals/sales including large Dreamoc units in September-October. Recent hardware orders include 20 Dreamoc HD3 displays to Scandinavia, 6 medium-sized Dreamoc XL4 displays and 6 Dreamoc HD3 displays to Germany and 6 large Dreamoc Diamond displays and 10 medium-sized Dreamoc XL4 displays with accessories to Asia. The combined order value for these three orders amounts to 4.4 MSEK, of which 4 MSEK will be taken to income in the second and third quarter of 2021.

Supplementary Income Statement

On page 17 we present our supplementary income statement with our two main activities; Innovation & Development and Sales.

In Q2 and H1, 2021, we continued investing in Innovation & Development Activities, with the primary focus on ECHO. The ECHO technology aims at inventing the holy grail of 3D experiences: Free-floating holograms that require no glasses, devices or other lenses between the human eye and the effect, and where 3D objects can be viewed and interacted with from different angles.

Our gross expenditure in Innovation & Development Activities amounted to TSEK 2,181 in Q2, 2021 compared to TSEK 1,234 in Q2, 2020 and TSEK 3,815 in H1, 2021 compared to TSEK 2,678 in H1, 2020. The Q2 and H1, 2021 expenditure include non-cash based costs of TSEK 270 related to a warrant program for a consultant. The Q2, 2021 operating result from our Sales Activities improved to a loss of TSEK 1,017 compared to a loss of TSEK 1,961 in Q2, 2020, while the H1, 2021 operating result from our Sales Activities improved to a loss of TSEK 2,345 compared to a loss of TSEK 4,592 in H1, 2020. The Q2 and H1, 2021 loss figures even include non-cash based costs of TSEK 1,061 related to a warrant program to the CFO. The improvements in Q2 and H1, 2021 were primarily due to cost savings from the simplified go-to-market model and a increased focus on the development of the ECHO technology.

Balance Sheet

Realfiction's total assets at 30 June 2021 amount to TSEK 64,584 compared to TSEK 65,348 at 31 December 2020. Inventory at 30 June 2021 amounts to TSEK 5,618 compared to TSEK 6,438 at 31 December 2020.

Total liabilities increased to TSEK 11,561 at 30 June 2021 compared to TSEK 10,463 at 31 December 2020 due to financial liquidity support from governmental COVID-19 support packages and prepayments from customers.

Investments

In Q2, 2021, the Company has capitalized additional development expenditure of TSEK 5,537 (TSEK 1,392), relating to the patent-pending ECHO technology. Development projects that fulfil the requirements of the capitalization accounting principle are presented as intangible assets and are measured at cost (or fair value if lower) until the project has been completed.

Cash Flow and Liquidity

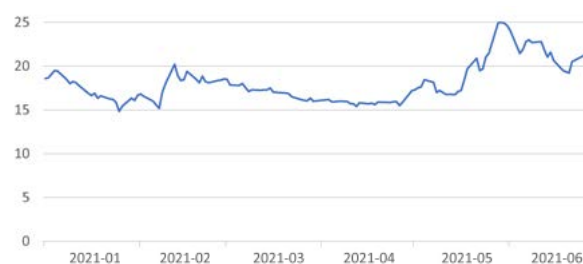
Realfiction's liquidity at 30 June 2021 amounts to TSEK 32,720 compared to TSEK 42,372 at 31 December 2020. Cash flow from operating activities for Q2, 2021 improved to a positive TSEK 1,455 compared to TSEK -259 for Q2, 2020. The improvement is primarily caused by financial liquidity support from governmental COVID-19 support packages and prepayments from customers.

Realfiction has a strong financial position and expects to have the liquidity necessary to sustain all its business operations, including the development of ECHO, well into 2022.

The Share

Realfiction Holding AB's share was listed on Nasdaq Stockholm First North 14 July 2017. The share is traded with the ticker REALFI and its ISIN-code is SE0009920994. On 30 June 2021, the number of shares in Realfiction Holding AB amounts to 18,241,442. The Company has one share class. All shares have equal dividend rights.

Share price development in H1, 2021 (SEK)



Group structure

Realfiction Holding AB has two fully owned subsidiaries, Realfiction ApS and Realfiction Lab ApS. All business activities are carried out in the subsidiaries. Realfiction Holding AB does not own shares in other companies.

Operational risks & uncertainties

The risks and uncertainties that Realfiction's operations are exposed to are concentrated in the categories of competition, technology development, patents, government requirements, capital requirements, currencies and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For more detailed reporting of risks and uncertainties, refer to the previously published Company description, published in the 2020 Annual Report.

OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 30 June 2021.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S ¹	3,194,447	17.51
CLAPE HOLDING ApS ²	3,005,000	16.47
AmTRAN Technology Co. LTD ³	1,983,768	10.88
Tamarind Limited ¹	1,204,509	6.60
Formue Nord Markedsneutral A/S ¹	1,089,520	5.97
Other shareholders (more than 3,500)	7,764,198	42.57
Total	18,241,442	100.00

1. Ceranco Equity S.C.S, Formue Nord Markedsneutral A/S and Tamarind Limited are investment companies with private investors.

2. CLAPE HOLDING ApS is owned 50 percent by CEO and board member Clas Dyrholm and 50 percent by board member Peter Simonsen.

3. AmTRAN Technology Co. Ltd. is a large OEM producer of LCD TV's and other consumer electronics.

Audit/review

The Q2 Interim Report has not been audited or reviewed by the Company's independent auditors. The Annual Report 2020 for Realfiction ApS has been audited.

Accounting policies

Realfiction Holding AB applies the Annual Accounts Act and The Swedish Accounting Standards Board's General Advice BFNAR 2012.1 (K3) in the preparation of its Swedish financial reports.

Financial Calendar:

Q3 Interim report 2021:	25 November 2021
Year-end report 2021:	24 March 2022
Annual Report 2021:	19 May 2022
Annual General Meeting 2022:	30 June 2022

The above reports will be available for download from the Company's website (www.realfiction.com). A printed copy can be ordered via investor@realfiction.com.

Certified Adviser

Mangold Fondkommission AB is the Company's Certified Adviser and can be contacted via ca@mangold.se or +46 8 503 015 50.

For further information, please contact:

Clas Dyrholm, CEO
Telephone: +45 70 20 64 90
E-mail: investor@realfiction.com

The Board of Directors and the CEO declare that to the best of their knowledge, the Q2 Interim Report 2021 presents a fair view of the financial position of the Company at 30 June 2021 as well as of the results of the Group operations and cash flows for the periods 1 April – 30 June 2021 and 1 January – 30 June 2021.

Helsingborg, 26 August 2021
Realfiction Holding AB
Board of Directors and CEO

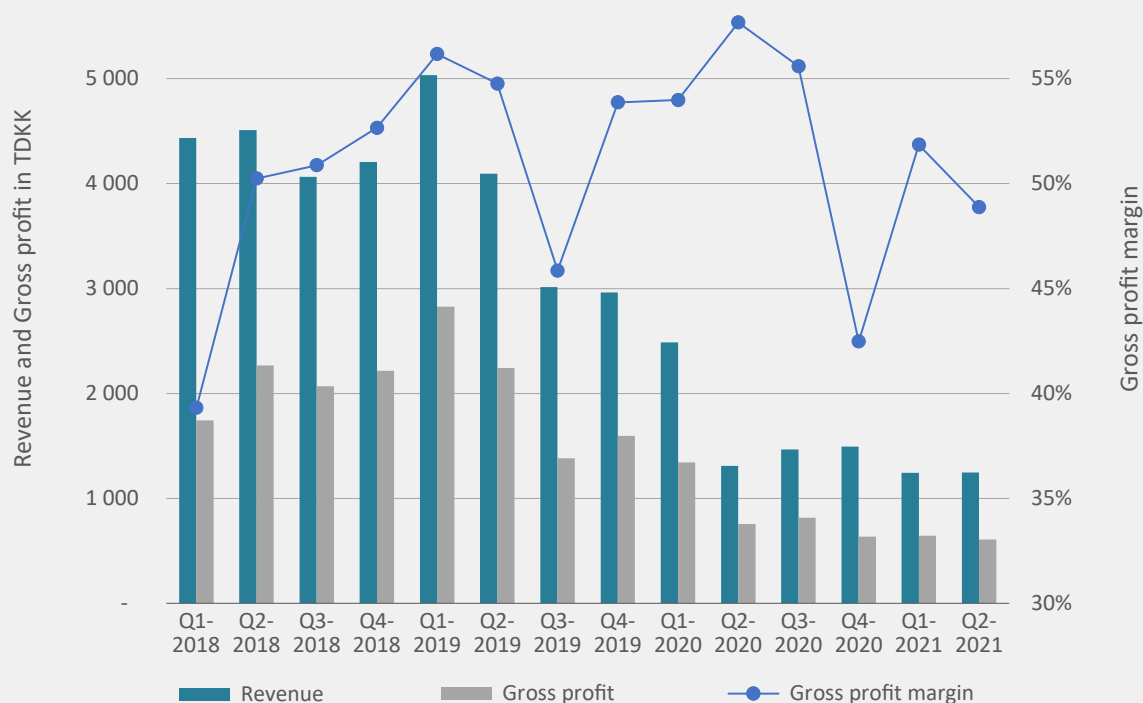
This information is information that Realfiction Holding AB is obliged to make public pursuant to the Swedish Securities Market Act (Lagen (2007:528) om värdepappersmarknaden). The information was submitted for publication, through the agency of the contact person set out above, on 26 August 2021.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Selected Financial Highlights and Key Ratios – Group

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Net revenue	1,701	1,854	3,392	5,393	9,501
Gross profit	832	1,067	1,708	2,973	4,985
Result after financial items	-3,168	-2,592	-4,788	-5,507	-9,749
Total Assets	64,584	34,355	64,584	34,355	65,348
Cash flow from operating activities	1,455	-259	-1,370	-1,631	-3,162
Cash at bank and in hand	32,720	12,238	32,720	12,238	42,372
Solvency ratio (%)	82.1	68.9	82.1	68.9	84.0
Average number of employees	9	15	9	16	13
Gross profit margin (%)	48.9	57.6	50.4	55.1	52.5
Earnings per share (SEK)	-0.11	-0.14	-0.17	-0.33	-0.52
Average number of shares	18,241,442	15,610,613	18,226,574	15,526,437	15,761,189
Number of shares registered at the end of the period	18,241,442	15,610,613	18,241,442	15,610,613	18,011,363

The development in the Company's quarterly revenue, gross profit and gross profit margin is illustrated below::



The Group's revenue and gross profit is fully earned in the Danish subsidiary Realfiction ApS. As such, and to avoid that currency fluctuations between DKK and SEK distort the presentation of revenue and gross profit, the above illustration is prepared on the basis of Realfiction ApS' DKK figures.

Income Statement (condensed) – Group

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Net revenue	1,701	1,854	3,392	5,393	9,501
Cost of goods sold	-869	-787	-1,684	-2,420	-4,516
Gross profit	832	1,067	1,708	2,973	4,985
Capitalized own work performed	1,523	683	2,936	1,886	4,970
Other external costs	-1,711	-1,227	-2,675	-3,135	-6,336
Personnel costs	-3,755	-3,195	-6,409	-6,855	-12,364
Depreciation of tangible fixed assets	-195	-375	-415	-817	-1,335
Other income and expenses	202	535	202	564	639
Operating result	-3,104	-2,512	-4,653	-5,384	-9,441
Other financial income	31	4	44	43	54
Other financial costs	-95	-84	-179	-166	-362
Result after financial items	-3,168	-2,592	-4,788	-5,507	-9,749
Tax on the profit of the period	1,201	425	1,676	918	1,554
Net result for the period	-1,967	-2,167	-3,112	-4,589	-8,195

Balance Sheet (condensed) - Group

SEK '000	30-06-2021	30-06-2020	31-12-2020
Assets			
Fixed assets			
Development costs	19,967	8,820	12,163
Total intangible fixed assets	19,967	8,820	12,163
Fixtures, tools and installations	582	1,425	948
Total tangible fixed assets	582	1,425	948
Other long-term receivables	2,246	1,169	264
Total financial fixed assets	2,246	1,169	264
TOTAL FIXED ASSETS	22,795	11,414	13,375
Current assets			
Finished products and goods for sale	5,618	7,282	6,438
Total inventories	5,618	7,282	6,438
Trade receivables	638	938	583
Current tax receivables	1,494	1,835	1,486
Other receivables	687	179	636
Prepaid expenses	632	469	458
Total short-term receivables	3,451	3,421	3,163
Cash and bank	32,720	12,238	42,372
TOTAL CURRENT ASSETS	41,789	22,941	51,973
TOTAL ASSETS	64,584	34,355	65,348
Liabilities and Equity			
Equity			
Share capital	1,824	1,561	1,801
Other reserves incl. retained earnings	51,199	22,101	53,084
TOTAL EQUITY	53,023	23,662	54,885
Liabilities to credit institutions	2,630	2,711	3,845
Other liabilities	666	0	662
Total long-term liabilities	3,296	2,711	4,507
Liabilities to credit institutions	1,237	1,280	0
Accounts payable	1,646	462	1,864
Other liabilities	2,497	4,960	2,933
Accrued costs and prepaid income	2,885	1,280	1,159
Total short-term liabilities	8,265	7,982	5,956
TOTAL LIABILITIES	11,561	10,693	10,463
TOTAL LIABILITIES AND EQUITY	64,584	34,355	65,348

Cash Flow Statement (condensed) – Group

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Operating result	-3,104	-2,512	-4,653	-5,384	-9,441
Depreciation	195	375	415	817	1,335
Non-cash warrant program	1,332	0	1,332	0	0
Paid financial costs	-62	-80	-134	-124	-310
Tax payments	0	0	0	0	1,819
Cash flow from operating activities before changes in operating capital	-1,639	-2,217	-3,040	-4,691	-6,597
Operating activities					
Change in inventories	280	10	860	16	583
Change in short-term receivables	-77	606	-272	2,007	1,848
Change in short-term liabilities	2,891	1,342	1,082	1,037	1,004
Cash flow from operating activities	1,455	-259	-1,370	-1,631	-3,162
Investing activities					
Purchase of tangible fixed assets	0	-30	-43	-30	-214
Sale of tangible fixed assets	0	0	0	40	139
Proceeds from financial fixed assets	-303	59	-313	0	51
Purchase of intangible fixed assets	-5,537	-1,392	-7,815	-3,390	-7,177
Cash flow from investing activities	-5,840	-1,363	-8,171	-3,321	-7,201
Financing activities					
Capital increase, net of costs	-81	-26	-81	-66	35,372
Cash flow from financing activities	-81	-26	-81	-66	35,372
Cash flow for the period	-4,466	-1,648	-9,622	-5,018	25,009
Cash and cash equivalents at period start	37,271	14,009	42,372	17,240	17,240
Exchange rate recalculation difference – cash and cash equivalents	-85	-123	-30	17	123
Cash and cash equivalents at period end	32,720	12,238	32,720	12,238	42,372

Statement of Changes in Equity (condensed) - Group

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Equity at period start	54,030	26,645	54,885	28,272	28,272
Exchange adjustments	-291	-790	-1	45	-564
Capital increase, net of costs	-81	-26	-81	-66	35,372
Warrant program	1,332	0	1,332	0	0
Net result for the period	-1,967	-2,167	-3,112	-4,589	-8,195
Equity at period end	53,023	23,662	53,023	23,662	54,885

Supplementary Income Statement (condensed) - Group

Key figures from the income statement for the Group are presented below on the basis of the underlying activities. Realfiction has two main activities; 1) Innovation & Development activities, including all directly related expenses incurred in connection with the Innovation & Development activities in the Group and 2) Sales Activities, including all other activities in the Group.

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Innovation & Development Activities					
Capitalized own work performed	1,523	683	2,936	1,886	4,970
Other external costs	-772	-229	-1,085	-505	-2,148
Personnel costs	-1,403	-999	-2,718	-2,169	-4,487
Depreciation of tangible fixed assets	-6	-6	-12	-12	-24
Other income and expenses	0	0	0	8	8
Operating result	-658	-551	-879	-792	-1,681

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Sales Activities					
Gross profit	1,701	1,067	2,577	2,973	4,985
Other external costs	-939	-998	-1,590	-2,630	-4,188
Personnel costs	-1,792	-2,196	-3,131	-4,686	-7,877
Depreciation of tangible fixed assets	-189	-369	-403	-805	-1,311
Other income and expenses	202	535	202	556	631
Operating result	-1,017	-1,961	-2,345	-4,592	-7,760

Income Statement (condensed) – Parent company

SEK '000	Q2-2021	Q2-2020	H1-2021	H1-2020	2020
	01-04-2021 -30-06-2021 3 months	01-04-2020 -30-06-2020 3 months	01-01-2021 -30-06-2021 6 months	01-01-2020 -30-06-2020 6 months	01-01-2020 -31-12-2020 12 months
Operating income					
Net revenue (group internal)	150	150	300	300	600
Operating costs					
External costs	-452	-328	-661	-487	-1,105
Personnel costs	-96	-52	-257	-146	-356
Operating result	-398	-230	-618	-333	-861
Net result for the period	-398	-230	-618	-333	-861

Balance Sheet (condensed) – Parent company

SEK '000	30-06-2021	30-06-2020	31-12-2020
Non-current assets			
Financial assets			
Shares in subsidiary	55,916	44,842	55,916
Total financial assets	55,916	44,842	55,916
TOTAL NON-CURRENT ASSETS	55,916	44,842	55,916
Current assets			
Intercompany receivables	9,918	4,924	0
Other receivables	130	72	80
Prepaid expenses	193	155	89
Total short-term receivables	10,241	5,151	169
Cash at bank and in hand	27,848	9,838	38,239
TOTAL CURRENT ASSETS	38,089	14,989	38,408
TOTAL ASSETS	94,005	59,831	94,324
Liabilities and Equity			
Equity			
Share capital	1,824	1,561	1,801
Other reserves	91,770	57,538	92,736
Net result of the period	-618	-333	-861
TOTAL EQUITY	92,976	58,766	93,676
Trade payables	416	156	293
Other payables	613	909	355
Total short-term liabilities	1,029	1,065	648
TOTAL LIABILITIES	1,029	1,065	648
TOTAL EQUITY AND LIABILITIES	94,005	59,831	94,324

DEFINITIONS

Solvency ratio: Equity as a percentage of the balance sheet total. Key ratios of equity are presented to provide a better understanding of Realfiction's long-term ability to pay its debt.

Earnings per share: Net result of the period divided with average number of shares for the period. Earnings per share for periods are negative, therefore no dilution.

Gross profit: Net turnover after costs for goods sold.

Gross profit margin: Gross profit as a percentage of Net revenue.

Net operating cost: Items between Gross profit and Operating result in the income statement.

"Realfiction" or the "Company" refers to the Group, namely Realfiction Holding AB (registered under company registration number 559110-4616) and its wholly owned subsidiaries Realfiction ApS and Realfiction Lab ApS. Realfiction ApS and Realfiction Lab ApS, the Group's operating subsidiaries, were founded in 2008 and 2019. Realfiction Holding AB was formed in April 2017 by way of a non-cash issue in which the shares in Realfiction ApS were exchanged for shares in Realfiction Holding AB, which resulted in the Group relationship.



Picture above: Dreamoc HD3 used in retail by Huawei.



Realfiction Holding AB | Terminalgatan 1, 252 78 Helsingborg | Sweden | +45 7020 6490 | contact@realfiction.com | www.realfiction.com